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SENIOR INTERDEPARTMENTAL GROUP-INTERNATIONAL ECONOMIC POLICY

November 2, 1983

4:30 p.m.

Room 208

Old Executive Office Building

Attendees:

TreasurySecretary Regan (Chairman)
Marc LelandUSTRRobert Lighthizer
Ralph JohnsonOffice of the Vice President

G. Philip Hughes

CEAMartin Feldstein
Kenneth FrootStateW. Allen Wallis
Richard McCormack
Thomas NilesWhite House

Richard Darman

DefensePaul Thayer
Dov ZakheimCabinet Affairs

Larry Herbolsheimer

AgricultureSecretary John R. Block
Daniel AmstutzOPDJohn A. Svahn
Roger PorterInteriorWilliam Pendley
Wilbert L. DareFEMALouis Giuffrida
Paul KruegerCommerceSecretary Malcolm Baldrige
Lionel OlmerGSACarroll Jones
Kent KncwlesOMBJoseph R. Wright
Alton KeelAID

Richard Derham

CIANSCRoger Robinson
Richard Levine

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U.S.-EC Relations

The Chairman opened the meeting with a discussion of U.S.-EC relations. Deputy Assistant Secretary of State for European Affairs, Thomas Niles, presented a review of issues covering U.S.-EC economic relations to the SIG. Bilateral trade issues were considered to be a key concern, particularly in light of growing pessimism in the EC over the health and viability of Europe's economies. In addition, the problem

NSC review completed.

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of who speaks for Europe in its economic relations with the U.S. was addressed. In these circumstances, U.S. leadership in trade matters was deemed essential. A "frontal assault" on agricultural trade issues was considered to be capable of only galvanizing European resistance.

The U.S.-EC Ministerial on the 9th of December was considered a good time to discuss this and other problems that concern the Europeans.

State also pointed out that Europe suffers from other important problems which affect trade: welfare costs and industrial overcapacity. The State paper recommended the formation of a new working group to help prepare and refine issue positions for the Cabinet in their meetings with the EC. The SIG was of the view that existing working groups could handle the tasks suggested for the new group. The TPC will continue to handle trade issues. The Chairman suggested that State take the lead in working through the SIG-IEP to set up meetings to prepare for the December 9 meeting of the Secretaries.

Defense discussed the problems with Europe over the "two way street" NATO procurement issue.

Barter

The Chairman then turned the meeting to a discussion of barter policy. Five options were presented to the SIG ranging from opposing all barter to setting up various conditions and/or groups in which to review proposed barter transactions.

There was great diversity at the SIG concerning which approach was most appropriate. It was pointed out that the President was personally involved in all barter decisions to date as were a number of Cabinet members.

The Chairman asked agencies to present their positions on barter to Treasury within a number of days and for a decision paper to be sent to the President through the NSC for resolution.

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